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SUBJECT: MEDIA REACTION: CROSS-STRAIT RELATIONS, MIDDLE EAST

¶1. Summary: Taiwan's major Chinese-language dailies gave significant coverage August 2 to a Presidential Office press release Tuesday which said that President Chen Shui-bian has accepted the resignation of a housekeeper who works for his daughter but has been paid out of public funds, adding that the housekeeper will be hired privately by Chen and her wages for the past five years will be reimbursed to the government. News coverage also focused on President Chen's efforts to clarify the details of the Presidential Office's special state affairs expense account; and a Mainland Affairs Council decision Tuesday to ease restrictions on visits by Chinese business travelers. The pro-status quo "China Times" is the only paper to report on its front page that Cuban strongman Fidel Castro ceded power to his brother on a temporary basis before undergoing intestinal surgery.

¶2. Several papers continued to editorialize on the scandals allegedly surrounding the First Family. The pro-unification "United Daily News" said it will dedicate its editorials today and for the next few days to analyzing and reviewing the prosecutor's indictment of President Chen's son-in-law in an insider-trading case. An editorial in the pro-independence "Liberty Times," Taiwan's biggest daily, urged the DPP administration not to remove the 40 percent cap on investments on China. An editorial in the limited-circulation, pro-independence, English-language "Taiwan News," on the other hand, called on the international community to urge Washington to persuade Tel Aviv to accept an immediate cease-fire and get out of Lebanon. End summary.

### ¶3. Cross-Strait Relations

"Firmly Opposed to Removing the Cap on Investments in China"

The pro-independence "Liberty Times" [circulation: 600,000] editorialized (8/2):

"... China is, after all, an enemy country to Taiwan, and its attempt to annex the island remains unchanged. Taiwan investments in China have reached four to five percent of the island's GDP, which already accounted for 71 percent of our nation's overseas investment rate last year. Such a percentage is evidently too high, and it indicated that the investments in China have seriously elbowed out our domestic investments. Since the DPP administration adopted the 'proactive opening' policy, Taiwan's domestic investment rate has been lingering around 20 percent, far lower than South Korea's 29 percent. As a result, the 40 percent cap on Taiwan's investments on China, ... as proposed by some local scholars, is actually quite reasonable and meets the goal of the Conference on Taiwan's Sustainable Development. We hope that in order to proactively boost domestic investment, the DPP administration will firmly remain opposed to lowering the ceiling on investment in China, or it could face serious consequences."

#### 14. Middle East

"World Must Block Israel's Assault on Lebanese People"

The pro-independence, English-language "Taiwan News" [circulation: 20,000] editorialized (8/2):

"... The Israel Defense Force attacks, which Washington continues to encourage while the United Nations Security Council passes toothless resolutions against them, are being packaged as 'preventive retaliation' for rocket attacks by extreme Shiite Islamic guerrillas or the Hezbollah organization under Sheikh Hassan Nasrallah, which is said to be a 'terrorist' organization that variously carries out the policies of Syria and Iran or both or perhaps neither. We condemn the use of violence and the killing of Israeli citizens and soldiers by Hezbollah forces as well, but the fact that the violence of the state terror of the IDF against the Lebanese people, which slays women, children and men indiscriminately and without regard to their political partisanship, has far exceeded any level that could be imagined to be either a proportionate 'retaliation' or even a 'preventive' action.

"What this entirely man-made tragedy manifests is the fatal logic of the conception of 'war against terror' propagated by the United States government under right-wing Republican President George W. Bush since the terrorist attacks on the World Trade Center and Pentagon on September 11, 2001 and under whose bloody mantle Tel Aviv is conducting its own version of 'terror' against the people of Lebanon. ... The only power that can exercise the necessary clout to persuade Tel Aviv to accept an immediate cease-fire and get out of Lebanon and let the world back in is the United States and its president. All members of the world democratic community, including Taiwan, have an unavoidable obligation to humanity to openly call on Washington to do as soon as possible."

YOUNG